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Mark David Goss
Chairman

John W. Clay
Vice Chairman

Caroline Pitt Clark
Commissioner

September 5, 2007

CERTIFICATE OF SERVICE

RE: Case No. 2007-00359
Elam Utility Company, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on September 5, 2007.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/tw
Enclosure



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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF ELAM UTILITY) CASE NO. 2007-00359
COMPANY)

ORDER

On October 24, 2003, in Case No. 2003-00171, the Commission approved rates for Elam Utility Company (“Elam”) and provided for their further adjustment on a quarterly basis in accordance with Elam’s Gas Cost Adjustment (“GCA”) clause.¹

On August 7, 2007, Elam filed its proposed GCA to be effective August 1, 2007. In response to an inquiry from Commission Staff on August 16, 2007,² Elam provided additional information. Since a substantial amount of the information in Elam’s original filing needed to be updated, the Commission has recalculated Elam’s GCA filing³ which is attached as Appendix B.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Elam’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

¹ Case No. 2003-00171, A Review of the Rates of Elam Utility Company, Inc. Pursuant to the Decision to Approve the Financing Requested in Case No. 2001-00324, Order dated October 24, 2003.

² Telephone conversation between Christina Whelan, Commission Staff Public Utility Rate Analyst, and Wilma Isom, Elam Utility Company (Aug. 16, 2007).

³ See Appendix B to this Order.

2. Elam's notice sets out an Expected Gas Cost ("EGC") of \$15.0522. Elam did not include its transportation costs in its calculation and used historical gas costs for its estimate of its commodity cost. Using invoices supplied by Elam and using the currently known rates from suppliers produces an EGC of \$13.6037, which is an increase of \$2.6342 from the previously approved EGC of \$10.9695.

3. Elam's notice sets out no current Refund Adjustment ("RA").

4. Elam's notice sets out a current quarter Actual Adjustment ("AA") of \$6.3560 per Mcf. Elam's proposed AA includes quarters already included in past AA calculations. Correcting for this and using invoices supplied by Elam, Elam's current quarter AA is \$1.7923 per Mcf. Elam's total AA is 19.41 cents per Mcf, which is an increase of \$1.7923 per Mcf from the previous total AA.

5. Elam's notice sets out no current quarter Balancing Adjustment ("BA"). Elam's total BA is 0, which is no change from the previous total BA.

6. Elam's revised GCA is \$13.7978 per Mcf, which is \$4.4265 per Mcf more than the previous GCA of \$9.3713.

7. The rates in Appendix A to this Order are fair, just and reasonable, and should be approved for billing for service rendered by Elam on and after September 6, 2007. Elam did not provide sufficient notice for rates to be effective August 1, 2007 or September 1, 2007.

IT IS THEREFORE ORDERED that:

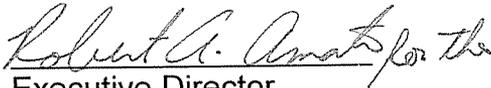
1. Elam's proposed rates are denied.
2. The rates in Appendix A to this Order are approved for billing for service rendered on and after September 6, 2007.

3. Within 20 days of the date of this Order, Elam shall file with the Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 5th day of September, 2007.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00359 DATED September 5, 2007

The following rates and charges are prescribed for the customers served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

RATES:

Residential

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
Customer Charge			\$6.15
All Mcf	\$4.2999	\$13.7978	\$18.0977

Industrial

Customer Charge			\$9.00
All Mcf	\$3.8101	\$13.7978	\$17.6079

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00359 DATED September 5, 2007

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGA)	\$/Mcf	\$13.6037
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	\$0.1941
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$13.7978
A. EXPECTED GAS COST CALCULATION	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$641,208.12
/Sales for the 12 months ended May 31, 2007	\$/Mcf	47,135.00
Expected Gas Cost	\$/Mcf	\$13.6037
B. REFUND ADJUSTMENT CALCULATION	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch III)	\$/Mcf	\$0.0000
+Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
=Refund Adjustment (RA)	\$ Mcf	\$0.0000
C. ACTUAL ADJUSTMENT CALCULATION	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	\$1.7923
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$3.1060)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$1.5078
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.0000
=Actual Adjustment (AA)	\$ Mcf	\$0.1941
D. BALANCE ADJUSTMENT CALCULATION	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	\$0.0000
+Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
=Balance Adjustment (BA)	\$ Mcf	\$0.0000

SCHEDULE II
EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended		June 30, 2007				
(1) Supplier	(2) Dth	(3) Conversion Factor Btu	(4) Mcf	(5) Rate	(6) (4) x (5) Cost	
Jefferson Gas Transmission	2,495	1	2,495	\$8.4500	\$21,082.75 *	
North American Energy	56,102	1.0505	53,405	\$10.4000	\$583,460.80 **	
Columbia Gas Transmission	31,345	1.0505	29,838	0.7772	\$24,361.33	
Columbia Gulf Transmission	3912	1.0505	3,724		\$12,303.24 ***	
Totals			89,462		\$641,208.12	
Line loss for 12 months ended				5/31/07	is based on purchases of	89,462.16
and sales of		47,135.00	Mcf.		47.31%	
Total Expected Cost of Purchases (6) / Mcf Purchases (4)				Unit	Amount	
= Average Expected Cost Per Mcf Purchased					\$641,208.12	
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)					89,462	
= Total Expected Gas Cost (to Schedule IA)					\$7,1674	
					\$641,208.12	

* Based on latest bill from Jefferson

** Includes payback to Columbia Gas Transmission

*** Set fee of \$1,025.27 per month

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended May 2007.

<u>Particulars</u>	<u>Unit</u>	<u>Mar. '07</u> Month 1	<u>Apr. '07</u> Month 2	<u>May '07</u> Month 3
Total Supply Volumes Purchased	Mcf	6468	6903	2273
Total Cost of Volumes Purchased	\$	\$64,336.27	\$72,115.51	\$38,426.83
/ Total Sales	Mcf	5,734.0	3,367.0	1,301.0
= Unit Cost of Gas	\$/Mcf	\$11.2201	\$21.4183	\$29.5364
- EGC in Effect for Month	\$/Mcf	\$8.6904	\$8.6904	\$8.6904
= Difference	\$/Mcf	\$2.5297	\$12.7279	\$20.8460
x Actual Sales during Month	Mcf	5,734.0	3,367.0	1,301.0
= Monthly Cost Difference	\$	\$14,505.52	\$42,854.93	\$27,120.62
Total Cost Difference	\$		\$	\$84,481.07
/ Sales for 12 months ended 5/31/06	Mcf		Mcf	47,135.0
= Actual Adjustment for the Reporting Period (to Sch IC)				\$1.7923

PURCHASES-COST

	July '06	August '06	Sept. '06	Oct. '06	Nov. '06	Dec. '06	Jan. '07
Jefferson	\$51.80	\$76.95	\$82.83	\$908.28	\$2,619.54	\$3,507.04	\$4,688.76
TCO Demand	\$1,025.27	\$1,025.27	\$1,025.27	\$1,025.27	\$1,025.27	\$1,025.27	\$1,025.27
TCO Commodity		\$760.25		\$2,181.97	\$3,693.58		\$6,064.98
North American				\$65,796.60	\$95,472.00	\$149,916.00	\$140,327.20
TOTAL	\$1,077.07	\$1,102.22	\$1,868.35	\$69,912.12	\$102,810.39	\$154,448.31	\$152,106.21

PURCHASES-VOLUME

	July '06	August '06	Sept. '06	Oct. '06	Nov. '06	Dec. '06	Jan. '07
Jefferson	7	9	11	116	294	368	492
TCO Demand	326	326	326	326	326	326	326
TCO Commodity			983	2,822	4,777		8,224
North American				6,324	9,180	14,415	13,493
TOTAL	333	335	1,320	9,588	14,577	15,109	22,535

SOURCE: Invoices supplied by Elam Utility Company

PURCHASES-COST

	Feb. '07	Mar. '07	Apr. '07	May '07	June '07	TOTAL
Jefferson	\$5,557.68	\$2,304.60	\$1,685.16	\$483.89	173.47	\$22,140.00
TCO Demand	\$1,025.27	\$1,025.27	\$1,025.27	\$1,025.27	\$1,025.27	\$12,303.24
TCO Commodity	\$1,480.48		\$5,757.08	\$4,032.87	\$4,492.97	\$28,464.18
North American	\$20,155.20	\$61,006.40	\$63,648.00	\$32,884.80	\$27,622.40	\$656,828.60
TOTAL	\$28,218.63	\$64,336.27	\$72,115.51	\$38,426.83	\$33,314.11	\$719,736.02

PURCHASES-VOLUME

	Feb. '07	Mar. '07	Apr. '07	May '07	June '07	TOTAL
Jefferson	664	276	186	53	19	2,495
TCO Demand	326	326	326	326	326	3,912
TCO Commodity	9,900		3,133	914	592	31,345
North American	1,938	5,866	3,258	980	648	56,102
TOTAL	12,828	6,468	6,903	2,273	1,585	93,854

SOURCE: Invoices supplied by Elam Utility Company